

connection with said loan.

SECTION 5. AND BE IT FURTHER ENACTED, That the actual cash proceeds of the sale of the bonds to be issued under this Act shall be paid to the Treasurer of the State upon the warrant of the Comptroller and such proceeds shall be used exclusively for the following purposes, to wit:

(a) The Comptroller, immediately upon the sale of and payment for said bonds, first, shall return to and credit the Treasury for a sum equivalent to the amount expended under Section 4 of this Act.

(b) The remainder of the proceeds of such loan shall be credited on the books of the State Comptroller, to be used as needed by the State, upon approval by the Board of Public Works, exclusively to provide State grants to assist in the constructing and equipping of sewage treatment plants and related facilities in Maryland; however, the Washington Suburban Sanitary Commission's portion of the capital costs for improvements to and enlargement of sanitary sewage facilities and systems operated by the District of Columbia pursuant to agreements between the Commission, the District of Columbia, and the United States Government shall be deemed a project eligible for a State grant hereunder. All grants authorized or made hereunder shall be subject to the following conditions and limitations:

(1) A State grant offer shall be made only for the construction of projects that meet the specifications required by the Federal Water Pollution Control Act and all applicable State legislation and regulations, as amended from time to time.

(2) Except as provided in paragraph (3) below, a State grant offer shall be made only for a project or part of a project on which a Federal grant offer is made, and the State grant offer shall amount to one-half of the eligible cost remaining after the maximum Federal grant has been applied. In the case of a project to be operated by a State owned institution or facility, the State grant offer shall equal the total cost of the project less the amount of any Federal grant offer made therefor.

(3) The Board of Public Works is authorized, in its discretion and upon recommendation of the Department of Health and Mental Hygiene, to approve a State grant not to exceed 87-1/2 percent of the eligible cost of a project or part of a project, if the Board finds (a) that